



**Billing Code: 3410-30-P**

## **DEPARTMENT OF AGRICULTURE**

### **Food and Nutrition Service**

#### **Request for Information: Unpaid Meal Charges**

**AGENCY:** Food and Nutrition Service, USDA.

**ACTION:** Notice; Request for Information.

**SUMMARY:** The National School Lunch and School Breakfast Programs play a critical role in ensuring that America's children have access to nutritious food. The Food and Nutrition Service (FNS) subsidizes all school meals in participating schools in various ways including reimbursement for meals served based on the eligibility of the child receiving the meal. FNS reimburses schools at higher rates for those meals served to children eligible for free meals and reduced price meals. Schools are responsible for establishing paid meal prices for children who do not receive free or reduced price meals and whose meals are thus reimbursed by FNS at lower rates. If children do not have the required payment for meals on the day of service, schools may extend credit to the child for the meal. Generally, this process entails the school allowing the child to "charge" the meal with the understanding that the child will reimburse or pay back the school for the meal provided. Since credit policies are usually established at the school district level, they vary across the nation and within States and are not monitored by FNS.

FNS considers access to healthy school meals including nutritious foods a critical function of the National School Lunch and School Breakfast Programs. Evidence shows that children who regularly eat healthy school meals perform better in the classroom and are less likely to be overweight. However, FNS also recognizes that allowing children to "charge" school meals can

have financial impacts on individual schools and even school districts. This is especially true when meal charges are not subsequently paid, results in large unpaid meal charges and potential financial losses.

Section 143 of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA) requires FNS - in conjunction with States and participating local educational agencies (LEAs) - to examine and report on the current policies and practices of State agencies and LEAs regarding extending credit to children by allowing them to “charge” the cost of school meals on the day of service.

As required by the HHFKA, this examination must include the feasibility of establishing national standards for extending credit to children by allowing meal charges, establishing national charges for alternate meals which might be served, and providing recommendations for implementing those standards. At this time, FNS is seeking information from all affected parties regarding State and LEA current policies regarding extending credit to children by allowing them to “charge” the cost of school meals on the day of service. Specifically, FNS is interested in commenters providing details of policies and procedures in their State or LEA and the advantages and challenges associated with those procedures.

**DATES:** To be assured of consideration, written information must be submitted or postmarked on or before [INSERT DATE 90 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** The Food and Nutrition Service, USDA, invites the submission of the requested information through one of the following methods:

- Preferred method: Submit information through the Federal eRulemaking Portal at <http://www.regulations.gov>. Follow the online instructions for submissions.
- Mail: Submissions should be addressed to Jessica Saracino, Program Analyst, School Programs Branch, Child Nutrition Programs, Food and Nutrition Service, P.O. Box 66740, Saint Louis, MO 63166-6740.

All information properly and timely submitted, using one of the two methods described above, in response to this request for information will be included in the record and will be made available to the public on the Internet at <http://www.regulations.gov>. Please be advised that the substance of the information provided and the identity of the individuals or entities submitting it will be subject to public disclosure.

**FOR FURTHER INFORMATION CONTACT:** Jessica Saracino, Program Analyst, Child Nutrition Programs, Food and Nutrition Service at (703) 305-2590.

**SUPPLEMENTARY INFORMATION:**

Section 143 of the HHFKA (Pub. L. 111-296; December 13, 2010) requires USDA, in conjunction with States and participating LEAs, to examine the current policies and practices of States and LEAs regarding extending credit to children to pay the cost of their reimbursable school lunches and breakfasts. As part of this examination, FNS must prepare a report on the feasibility of establishing national standards for meal charges and alternate meals and provide recommendations for implementing those standards. As required by the HHFKA, when creating this report, FNS will take into account:

- The impact of overt identification on children; that is, the potential for children's eligibility or unpaid meal status to become apparent to other children, school staff, or others, as result of a school's implementation of the implementation of credit procedures;
- The manner in which the affected households (i.e., those which may incur debt) are provided with assistance in establishing eligibility for free or reduced price school meals; and
- The potential financial impact on LEAs.

The Special Nutrition Program Operations Study (SN-OPS) is a multiyear, nationally representative study designed to provide FNS with a snapshot of current State and LEA policies and practices, including information on school meal standards, competitive foods standards, school lunch pricing and accounting. The information in this first year study (School Year 2011-12) provides a baseline for observing the improvements resulting from the implementation of the HHFKA. As part of this study, FNS examined State and local meal charge policies. This study revealed that in School Year 2011-12, LEAs varied in their policies for serving meals to students who do not have funds to pay for meals. School policies range from denying a meal to serving a reimbursable meal or alternate meal to students.<sup>1</sup> Over 80% of schools served a meal to students that were unable to pay, either with reimbursable meals, or an alternative meal. Only 3 percent of school districts indicated that they did not serve meals at all to students who were unable to pay. In terms of revenue, on average, for all the LEAs that reported that they lost some revenue as a result of unpaid meals, the net revenue lost was less than 1 percent of total expenditures for the year. Despite this, for a small number of LEAs unpaid meal charges is a significant issue

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<sup>1</sup> SN-OPS survey results did not provide detailed information regarding how schools vary their approach based on the duration of unpaid meal status. Among other areas, FNS requests in this RFI information regarding how schools modify their approach based on the duration of unpaid meal status.

with very large debts associated with unpaid charges. For additional information on this study, go here: <http://www.fns.usda.gov/sites/default/files/SNOPSYear1.pdf>.

While the SN-OPS study provides good background and a starting point for the required report on this issue, FNS would like to gather more detailed information on State and local meal charge policies and procedures to help inform FNS' recommendation on the feasibility of establishing a national standard for meal charges and alternate meals and best practices guidance. While the FNS study showed that unpaid debt is not a systemic issue, for some schools and school districts unpaid debt has become a greater problem given other budgetary restraints. To assist these schools and school districts, FNS is seeking comments, concerns and suggestions on the extent of the problems and what has been done across the nation to address this issue of maintaining access to meals and also a school food service in strong financial standing.

FNS' objective is to receive input from a broad spectrum of parties that may be affected by policies on a number of topics relating to meal charges. These include students and their parents, school district officials, school food service staff, State agency officials, and the general public. FNS has an interest in working with States and school districts to ensure that schools are providing access to healthy meals to all children, but are also able to pay for the costs that they incur. FNS is particularly interested in learning if there is a relationship between a student who is extended "credit" and that child's eligibility for free and reduced priced meals.

FNS intends to use the information it receives to prepare a report on the feasibility of establishing national standards for meal charges and the provision of alternate meals and to provide recommendations for implementing those standards, as required by the HHFKA. Information submitted to FNS will also help to develop "Best Practices" guidance for meal charge policies and assist FNS in developing recommendations for Congressional review.

To assist in developing comments, FNS is seeking input regarding the following questions. FNS welcomes comments to all questions below.

1. Does your school district have a written policy on meal charges and/or when alternate meals may be provided? If so, please attach your policy or a link to a website containing the policy to your comment.

2. Which officials are responsible for developing the policies (e.g., school district business officials, the school food service director, school principals, etc.)?

3. Are there any grade level differences; for example, are only children below high school allowed to charge meals?

4. May children who do not have their payment or who have outstanding charges/unpaid balance select any reimbursable meal or are children offered alternate meals in lieu of the selection of reimbursable meals? If alternate meals are offered, what types of foods are offered in alternate meals?

5. Are reimbursable alternate meals available? If so, at what eligibility rate is your school district claiming these meals?

6. Does your school's unpaid meal charge policy include a modified approach for handling students based on the duration of unpaid meal status, and if so, how?

7. Are there any consequences outside the meal service for students who do not have their meal payment for the day (e.g., the student may not participate in extracurricular activities or report cards are not released, etc.)?

8. How does the school ensure the children's eligibility status does not become apparent to other children or school staff as result of the school's implementation of the credit procedures?

9. Does a child's unpaid meal status become apparent to other children or school staff? If so, how? Are there measures you take to minimize the chances these children are identified and what do you find to be the most (or least) effective strategies?

10. Is any financial support to the school food service from the school district provided to offset costs related to the meal charges policy?

11. How are parents informed of the policies about charging meals, limits on charges, low account balances, outstanding balances, and methods of payment?

12. Have outstanding debts increased or decreased in your school district over the last 3 school years?

13. What steps does your school district provide to assist families with meal charges to apply for free or reduced price meals?

14. Are children with outstanding debts mostly those:

- a. Eligible for reduced price meals;
- b. Potentially eligible for free or reduced price but who have not applied or been certified; or
- c. Who applied but were not eligible?

15. How do outstanding meal payments affect the ability of food service to meet the meal pattern requirements?

16. Does your school district have a la carte sales? If so, are children allowed to charge these items and how is repayment of any charges handled?

17. If your school district does not have a meal charge policy, how does that affect children who do not have their meal payment for the day?

When preparing information in response to this request, please keep in mind that FNS is seeking comments within the current statutory structure of the school meals programs. For example, while serving all meals at no cost to all students would eliminate the need for credit policies; this approach would require statutory change as currently, schools may only offer all students free meals if they are operating under a Special Provision, including the Community Eligibility Provision. This approach is beyond the scope of this information request. FNS appreciates your thoughtful and responsive comments.

Dated: October 8, 2014.

Jeffrey J. Tribiano,  
Acting Administrator,  
Food and Nutrition Service.

**[FR Doc. 2014-24575 Filed 10/15/2014 at 8:45 am; Publication Date: 10/16/2014]**